

JOURNAL

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Web site: www.bpa.gov/corporate/kc/home/journal

Settlement terms offered; rate cut waits

On Oct. 23, the clock started running for conclusion of agreements that could result in a rate reduction for BPA's wholesale power. BPA, Vera Water and Power, Avista Corp. and Puget Sound Energy were the first signers of a proposed litigation settlement that would reduce BPA's wholesale power rates about 10 percent from today's rates if ratified.

To conclude settlement, all the litigating public utilities must sign the agreements within 90 days and all parties must give final approval within 120 days.

"Negotiations are complete. It's time for an up or down vote," said BPA Administrator Steve Wright. "The settlement reduces BPA rates now and creates greater certainty about BPA benefits and costs in the future."

Immediate reactions strongly supported settlement.

- "We urge all parties to quickly complete the work necessary to conclude the settlement." — Letter from all members of the Northwest congressional delegation.
- "We are writing today to voice support for your efforts to achieve a settlement that we believe goes far to minimize or avoid further BPA rate increases." — Letter from all four Northwest governors.
- "The terms now on the table strike a balance of interests of all parties. I urge the utilities to sign the agreement." — Kyle McSlarrow, U.S. Deputy Secretary of Energy.
- "The settlement provides BPA customers needed rate relief in the short term, and greater certainty about the agency's costs in the years ahead." — John Saven, executive director of Northwest Requirements Utilities.

- "It not only provides needed rate relief for Northwest ratepayers, it allows us to move on to other pressing issues." — Steve Loveland, general manager of the Springfield Utility Board.
- "We must now take this positive momentum and focus our collective efforts toward agreement on the optimum framework for a reliable, cost-effective power supply for the longer term." — Steve Klein, Tacoma Power superintendent.



State-of-the-art wire connectors implode simultaneously 100 feet in the air on a tower for the new 500-kV Grand Coulee-Bell transmission line in eastern Washington. The fittings connect lengths of wire to one another. The internal blasts produce superior connections compared to other methods. See story, page 2.

Settlement would help NW consumers

The litigation that would be settled by the proposed agreements was filed earlier by various public utilities challenging the nature and level of investor-owned utility benefits and other contractual arrangements entered by BPA in 2001. The basic terms of the proposed settlement are outlined in the special edition of *The Journal* issued Oct. 23. BPA has posted documents and explanatory information at www.bpa.gov/power/LP/settlement.

If the settlement succeeds, BPA would eliminate a 2.2 percent rate increase that took effect Oct. 1 and reduce rates 7.4 percent below 2003 average rates. The net effect, compared to current rates, would be a nearly 10 percent reduction in wholesale

power rates for fiscal year 2004. A refund beginning March 2004 would give the utilities the full benefit of the rate decrease.

Settlement would eliminate \$200 million in costs and defer an additional \$269 million into 2007-2011. The impact of the wholesale reduction on retail rates of public agency customers would vary by utility. The settlement also clarifies and stabilizes benefits for small farm and residential customers of investor-owned utilities between now and 2011.



Tower vandalism suspect surrenders

Two weeks after the FBI issued a warrant for his arrest, Michael Poulin, 62, Spokane, Wash., surrendered to police in Sacramento, Calif. Poulin is a suspect in several incidents in which bolts were removed from the footings of high voltage transmission towers in late October. The removed bolts were replaced.

The FBI warrant related to incidents on utility systems other than those operated by BPA but four towers on the BPA grid in Washington and Oregon were similarly vandalized. As a result, BPA added these cases to its Crime Witness Program and offered a reward of up to \$25,000 for information leading to the arrest and conviction of those responsible for removing bolts from the legs of transmission towers. The incidents on the BPA system may be related to the others in southern Oregon and northern California.

The FBI investigation into all of the vandalism cases continues.

BPA designs win awards

Energy efficient buildings at Mount Rainier National Park, Fairchild Air Force Base and the U.S.-Canadian border crossing at Oroville, Wash., are Federal Energy Showcase winners — thanks to BPA.

BPA's energy efficiency group designed the three winning projects. They included installing a 20-kilowatt solar array at the White River Entrance of Mt. Rainier National Park. The photovoltaic panels replaced diesel generators to power a visitor's center and residence area for 14 park employees. At Fairchild Air Force Base near Spokane, Wash., heating and lighting systems in a maintenance hangar were upgraded and improved while energy use was reduced. For the Oroville-Oysoyoos Border Crossing Station built by the General Services Administration, BPA designers included a ground source heat pump heating and cooling system plus an energy-efficient building design.

Council, BPA agree on fish budget rules

BPA and the Northwest Power and Conservation Council have agreed on how expenses of the Council's direct fish and wildlife program, funded by BPA, will be managed through 2006. The agreement culminates several months of discussions among Columbia Basin Fish and Wildlife Authority staff, Council staff and BPA with input from various tribes.

The resulting rules assure that accrued expenses for the program will remain within an annual average of \$139 million and total no more than \$556 million for the FY 2003-2006 period. The rules will enable the Council, CBFWA and BPA to share current budget information;

improve BPA's ability to manage its financial operations and risk; give contractors more certainty and flexibility in the timing and funding of work and promote effective project management.

BPA Administrator Steve Wright said that work is continuing to develop guidance for the program's capital expenditures. He expressed confidence that BPA will be able to acquire additional habitat using capital dollars if the acquisitions provide measurable benefits against clearly defined BPA obligations.

Chinook protection starts at Vernita Bar

Salmon are spawning at Vernita Bar in the mid-Columbia River. A survey by tribal, state, federal and utility fish biologists concluded that it's time to start controlling water flows over this highly productive spawning area.

Grant County Public Utility District, which operates Priest Rapids Dam, will work to maintain maximum regulated daytime flows through the Vernita Bar area three miles below the dam. These flows help to encourage spawning in areas that will remain underwater until the eggs hatch in the spring.

Towers moved out of harm's way

BPA crews are rebuilding the existing Yakima River crossings of two transmission lines near Granger, Wash. Construction started July 15 and is scheduled to be complete before New Year's Day.

New towers are needed because the riverbank is eroding and, without action, river-crossing towers could topple in years to come. So, eight single-circuit towers are being replaced with four double-circuit towers placed outside the floodplain and far from the eroding bank. The new towers are centered on the existing right-of-way.

Transmission cables stitch towers together

By early November, transmission line conductors will hang from many of the newly placed towers along the Kangley-Echo Lake 500-kilovolt transmission line near Seattle. Construction of the new nine-mile-long line started in August and is on schedule to be energized before the New Year. Helicopters are threading the cables through strings of insulators at each tower.

Meanwhile, the first conductor stringing on the Grand Coulee-Bell transmission line began late in October. The new line will connect the eastern Washington areas of Grand Coulee and Spokane. Most of the construction activity on the new 84-mile 500-kilovolt line has occurred between Grand Coulee and Davenport, Wash., where 33 towers have been completed and sections for

Story
Updated
Nov. 4

another 120 assembled. Project construction will continue through this winter and next summer and the line should be energized by December 2004.

Both projects will improve BPA system reliability along with the agency's ability to meet increased power demands in major metropolitan areas.

Energy Coalition lauds BPA

The NW Energy Coalition has formally commended BPA's effort to address alternatives to new transmission lines in meeting regional reliability needs. Sara Patton,

Coalition Executive Director, and Jay Formick, Coalition Board Chair, made the presentation along with public interest group representatives who sit on BPA's Non-Construction Alternatives Round Table.

The round table consists of 18 leaders in the Northwest energy community from states, utilities, industry, tribes and interest groups. It explores alternatives to transmission construction, including energy efficiency programs, demand reduction initiatives, pricing strategies and distributed generation.

PUBLIC INVOLVEMENT Updates and Notices

NEW PROJECT

Methow Valley Irrigation District Supplemental EA – Okanogan County, Wash.

BPA proposes to fund a fish screen replacement project for the Methow Valley Irrigation District in Okanogan County, Wash. The proposed screen replacement improvements, located on the Twisp and Methow rivers, are related to a proposal to rehabilitate the MVID irrigation system. BPA prepared an EA and FONSI for the larger proposal in 1997. BPA plans to issue a draft supplemental EA for the current fish screen replacement proposal in December 2003 for public review and comment.

FISH AND WILDLIFE – ONGOING PROJECTS

Fish and Wildlife Implementation Plan EIS – Regionwide

This EIS examines potential impacts of implementing and funding alternative fish and wildlife policy directions being considered in regional processes. BPA has developed a preferred alternative using regional guidance. The three-volume FEIS is available in CD or hard copy format. A ROD is expected this fall. See <http://www.efw.bpa.gov/cgi-bin/PSA/NEPA/SUMMARIES/FishWildlifeImplementation> for more information.

Grande Ronde and Imnaha Spring Chinook Project EIS – Wallowa and Union counties, Ore.

Fish trapping, incubation, rearing and release hatchery facilities would be built to help boost spring chinook salmon populations in the Grande Ronde and Imnaha river basins of Northeast Oregon. Planned facilities would modify and augment existing Lower Snake River Compensation Plan facilities. The DEIS is available on CD, in hard copy or online at www.efw.bpa.gov under links to environmental analysis/planning and active projects. Public review and comment period ended July 7, 2003. Responses and an FEIS are being prepared.

Hanford Reach National Monument CCP/EIS – Benton, Franklin and Grant counties, Wash.

BPA is participating as a cooperating agency in a land management planning process being led by the U.S. Fish and Wildlife Service. The USFWS seeks to develop a comprehensive conservation plan as required by the Refuge System Improvement Act of 1997. BPA is providing information and writing sections of the plan that pertain to transmission facilities, roads, energy facilities and river management within the monument. A DEIS is scheduled for release in June 2004.

Salmon Creek EIS – Okanogan County, Wash.

BPA proposes to fund a project to enhance fish habitat and fish passage and to increase instream flows in 4.3 miles of lower Salmon Creek, a tributary of the Okanogan River. The project would rehabilitate the stream channel, revegetate stream banks and increase streamflows. A DEIS is scheduled for release in fall 2003.

South Fork Flathead Watershed/Westslope Cutthroat Trout Conservation Program EIS – Flathead National Forest, Mont.

BPA proposes to fund a project to remove exotic trout species from selected lakes in the South Fork of the Flathead drainage. BPA is preparing an EIS. Additional information is available at www.efw.bpa.gov/cgi-bin/efw/E/Welcome.cgi.

POWER – ONGOING PROJECTS

BPA's Power Supply Role After 2006 – Regionwide

A regional discussion regarding how BPA will market power and share the costs and benefits of the Federal Columbia River Power System in the Pacific Northwest after 2006 is proceeding at a slower pace. BPA is planning a full restart of regional discussions early in 2004 that will include ample opportunity for public comment. Please refer to BPA's Web site at www.bpa.gov/power/regionaldialogue for up-to-date information, or contact Jenifer Scott at (503) 230-7685.

Safety Net Cost Recovery Adjustment Clause (SN CRAC) Adjustment to 2002 Wholesale Power Rates – Regionwide

The ROD is available at www.efw.bpa.gov/cgi-bin.

TRANSMISSION – ONGOING PROJECTS

Bonneville-Alcoa Access Road Project EA – Skamania County, Wash.

BPA proposes to establish a half-mile-long access road along the Bonneville-Alcoa 115-kV transmission line. The proposed road is located approximately 3.5 miles west of Skamania, Wash. The preliminary EA was released in July 2003. The final EA is scheduled for release in fall 2003.

BP Cherry Point Cogeneration Project Interconnection EIS – Whatcom County, Wash.

BP West Coast Products LLC has requested interconnection of its proposed 720-MW combustion turbine project at its Cherry Point Refinery near the community of Birch Bay, Wash. The project may require rebuilding an existing single-circuit 230-kV transmission line to double circuit from Cherry Point to Custer Substation and is subject to Washington state energy facility siting processes. BPA and Washington EFSEC are developing a joint SEPA/NEPA DEIS, which is scheduled for release this fall. The comment period for the joint SEPA/NEPA ends Nov. 3, 2003. See www2.transmission.bpa.gov/PlanProj/Transmission_Projects/ for more information. (See close of comments.)

COB Energy Facility Interconnect EIS – Klamath County, Ore.

Peoples Energy Resources Corp. has requested interconnection of its proposed 1,200-MW combustion turbine project at a site near Bonanza in Klamath County, Ore. The project would require a new 500-kV transmission line to BPA's Captain Jack Substation. The

project is subject to Oregon Energy Facility Siting Council certification. The DEIS is scheduled for release winter 2003. See www2.transmission.bpa.gov/PlanProj/Transmission_Projects/ for more information.

Grand Coulee-Bell 500-kV Transmission Line – Spokane and Lincoln counties, Wash.

Construction is under way on the rebuilding of 84 miles of an existing 115-kV wood-pole transmission line with a new, higher capacity 500-kV steel lattice line. The transmission line corridor between the Grand Coulee and Bell substations currently contains two 115-kV transmission lines on two wood-pole structures and three 230-kV transmission lines on two steel lattice structures. The existing transmission lines cannot reliably move power from existing generation sources east of Spokane to the west. See www2.transmission.bpa.gov/PlanProj/Transmission_Projects/ for more information and construction photos.

Kangley-Echo Lake 500-kV Transmission Line Project – King County, Wash.

Construction is underway on the Kangley-Echo Lake 500-kV transmission line. The line will connect an existing transmission line near Kangley to BPA's Echo Lake Substation in western Washington. The project is needed to improve transmission system reliability and to enhance BPA's ability to meet treaty obligations with Canada. The new nine-mile-long transmission line will parallel an existing BPA transmission line in central King County, Wash. Five miles of the line cross the Cedar River Municipal Watershed, which is the source for much of the city of Seattle's drinking water. BPA and the city of Seattle reached an agreement on the project and are working together to ensure protection of the watershed during construction. Construction is scheduled to be complete December 2003. See www2.transmission.bpa.gov/PlanProj/Transmission_Projects/ for more information and construction photos.

Nisqually Line Relocation – Thurston County, Wash.

BPA is proposing to relocate two miles of transmission line corridor off the Nisqually Indian Reservation in Thurston County, Wash. BPA has an existing transmission line corridor across the reservation and a portion of the Fort Lewis military base just north of State Route 510. This corridor contains two transmission lines: the Olympia-Grand Coulee 287-kV line and the Olympia-South Tacoma 230-kV line. This relocation is being proposed because the 50-year easement for one of the lines on the reservation has expired. Public scoping meetings were held on Oct. 21 and Oct. 22. BPA is developing a preliminary EA schedule for release spring 2004 and the final EA is scheduled for release fall 2004. The scoping comment period ends Nov. 21, 2003. See www2.transmission.bpa.gov/PlanProj/Transmission_Projects/ for more information. (See *close of comments*.)

Plymouth Generating Facility EIS – Benton County, Wash.

Plymouth Energy requested interconnection of its proposed 307-MW combustion turbine project near Plymouth in Benton County, Wash. BPA prepared a joint NEPA/SEPA EIS with Benton County. A DEIS was released in August 2002, and an FEIS was released in June 2003. A ROD is expected in fall 2003. See www2.transmission.bpa.gov/PlanProj/Transmission_Projects/ for more information.

Raymond-Cosmopolis 115-kV Transmission Line EA – Grays Harbor and Pacific counties, Wash.

BPA proposes to rebuild an existing 115-kV transmission line between Raymond and Cosmopolis, roughly parallel to Highway

101. Most of the 18-mile-long line will remain in the existing right-of-way. The preliminary EA was released for public review in February. The comment period ended Feb. 26. Public meetings were held Feb. 11 in Cosmopolis and Feb. 12 in Raymond. The final EA and FONSI were released Sept. 5, 2003. Line construction is scheduled to begin in spring 2004 and be completed by fall 2004. See www2.transmission.bpa.gov/PlanProj/Transmission_Projects/ for more information.

Schultz-Wautoma Area 500-kV Line Project – near Ellensburg to near the Hanford Reservation, Wash.

BPA proposes to build a new 500-kV line from Schultz Substation to the new Wautoma Substation southwest of the Hanford Monument. An FEIS was released in February. The ROD was released in March 2003. Construction on the new Wautoma Substation began May 5, 2003. Construction of the Sickler-Schultz portion of the line is scheduled to begin in winter 2004. Major line construction is now scheduled to start in the fall of 2004, be completed by winter 2005 and energized by spring 2006. See www2.transmission.bpa.gov/PlanProj/Transmission_Projects/ for more information and construction photos.

Summit/Westward – Columbia County, Ore.

Westward Energy L.L.C. requested interconnection for the proposed Summit/Westward Project, a 520-MW combustion turbine project to be located in Columbia County, approximately 4.5 miles north of Clatskanie, Ore. The project would interconnect at BPA's Allston Substation. A tiered ROD to the Business Plan EIS was completed in July 2003.

Wanapa Energy Center Generation Project EIS – Umatilla County, Ore.

The Confederated Tribes of the Umatilla Indian Reservation requested interconnection of the Wanapa Energy Center, a proposed 1,300-MW gas-fired combined-cycle combustion turbine project, into the transmission grid. The project would be located on tribal trust land. The Bureau of Indian Affairs plans to publish a DEIS in fall 2003, a FEIS in March 2004 and a ROD in April 2004. BPA is participating as a cooperating agency.

SUPPLEMENT ANALYSES

Watershed Management Program EIS

- SA-124 Implement Fisheries Enhancement Opportunities on the Coeur d'Alene Reservation. Benewah County, Idaho
- SA-125 Simcoe Creek Streamflow Enhancement and Passage. Yakima County, Wash.
- SA-126 Improvement of Anadromous Fish Habitat And Passage in Omak Creek. Okanogan County, Wash.
- SA-127 Yakima Tributary Access and Habitat - Ahtanum Creek. Yakima County, Wash.

Wildlife Mitigation Program EIS

- SA-35 Logan Valley Wildlife Mitigation Project – Implementation of Wildlife Mitigation Plan. Grant County, Ore.

CLOSE OF COMMENT

- BP Cherry Point Cogeneration Project Interconnection EIS - Nov. 3, 2003
- Nisqually Line Relocation - Nov. 21, 2003

If you have questions or comments, or you want to be added to the mailing list for any project, call (503) 230-3478 (Portland) or 1-800-622-4519.

To order copies of documents, call: 1-800-622-4520 or (503) 230-7334. Written comments may be sent to: BPA, P.O. Box 14428, Portland, OR 97293-4428. E-mail address: comment@BPA.gov. BPA home page: <http://www.bpa.gov>. For details on BPA environmental reviews listed above, including site maps and documents issued to date, see <http://www.efw.bpa.gov/cgi-bin/PSA/NEPA/Projects>. **Process Abbreviations:** EA-Environmental Assessment, EFSEC-Washington Energy Facility Site Evaluation Council, EFSC-Oregon Energy Facility Siting Council, EIS-Environmental Impact Statement, DEIS-Draft Environmental Impact Statement, FEIS-Final Environmental Impact Statement, FONSI-Finding of No Significant Impact, NOI-Notice of Intent, ROD-Record of Decision, SA-Supplement Analysis.

